

Message Text

CONFIDENTIAL

PAGE 01 ROME 12216 261243Z

43

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 SP-02 AID-05 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04

SIL-01 L-03 H-02 PA-01 PRS-01 /087 W

----- 079058

P R 261135Z AUG 75

FM AMEMBASSY ROME

TO SECSTATE WASHDC PRIORITY 2746

INFO AMEMBASSY BONN

USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L ROME 12216

E.O. 11652: GDS

TAGS: EFIN, IT, GW

SUBJECT: SEPTEMBER MATURITY OF BUNDESBANK GOLD

LOAN TO BANK OF ITALY

PASS TREASURY AND FRB

1. TREASATT ASKED MIN TREAS DIRECTOR GENERAL PALUMBO ON AUGUST 25 AND BANK OF ITALY DIRECTOR GENERAL OSSOLA ON AUGUST 26 ABOUT ITALIAN PLANS FOR REPAYMENT OR EXTENSION OF \$1.5 BILLION STILL OUTSTANDING UNDER \$2 BILLION GOLD COLLATERAL LOAN OF SEPTEMBER 1974 EXTENDED BY GERMAN BUNDESBANK TO BANK OF ITALY. BOTH OSSOLA AND PALUMBO SAID THAT NO DECISION HAD BEEN MADE AS YET ON WHETHER PART OF THE REMAIN G AMOUNT OUTSTANDING WOULD BE PAID WHEN LOAN FALLS DUE AGAIN IN SEPTEMBER. (ORIGINAL AGREEMENT PROVIDED FOR SIXTH MONTH- LOAN RENEWABLE FOR UP TO 2 YEARS.)

2. FACTORS WHICH ITALIAN AUTHORITIES WILL NO DOUBT WISH TO CONSIDER IN MAKING DECISION ARE: 1) RELATIVELY CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ROME 12216 261243Z

HIGH CURRENT LEVEL OF GROSS FOREIGN EXCHANGE RESERVES

(END JULY FIGURE WAS \$1.9 BILLION, WHICH WILL BE INCREASED AS REST OF RECEIPT OF 1975 OIL FACILITY DRAWING OF MORE THAN \$900 MILLION); 2) POSSIBLE IMPROVEMENT IN ITALY'S FOREIGN CREDIT RATING WHICH WOULD RESULT FROM FURTHER PARTIAL REPAYMENT OF GOLD LOAN; 3) RELATIVE COST OF ALTERNATIVE FORMS OF FINANCING (PALUMBO SAID THAT INTEREST RATE ON GOLD LOAN IS NOW ABOUT 6 PERCENT, CALCULATED ON THE BASIS OF A BASKET OF YIELDS ON DIFFERENT COUNTRIES' TREASURY BILLS); AND 4) PROSPECT FOR FURTHER DEFICIT IN BALANCE OF PAYMENTS IN 1976 AS RESULT OF ECONOMIC RECOVERY, WHICH WOULD CREATE CONTINUING FINANCING PROBLEM FOR MONETARY AUTHORITIES.VOLPE

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOLD, BANK LOANS, LOAN AGREEMENTS, DEBT REPAYMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ROME12216
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750294-1242
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750817/aaaaaaxy.tel
Line Count: 73
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 24 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 APR 2003 by ShawDG>; APPROVED <28 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SEPTEMBER MATURITY OF BUNDESBANK GOLD LOAN TO BANK OF ITALY
TAGS: EFIN, IT, GE, BUNDESBANK, BANK OF ITALY
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006